

DISABILITY INSURANCE PROGRAM

As a worker-funded program, California's Disability Insurance (DI) program contributes to the economic security of California by providing affordable benefits to eligible workers. The DI program provides benefits to workers who are unable to work due to non-work related illness, injury, or pregnancy. Although work-connected disabilities are covered by Workers' Compensation laws, DI benefits may also be paid for work-related illnesses or injuries under certain circumstances prescribed by law.

Background

Disability Insurance was added to the California Unemployment Insurance Code in 1946. California, Rhode Island, New Jersey, New York, Hawaii, plus the Commonwealth of Puerto Rico, are the only states that provide Disability Insurance for their work force. California has become a model in DI implementation and a pioneer in innovative procedures. California was:

- The first state to authorize voluntary plans for Disability Insurance coverage.
- The first state to provide DI coverage for agricultural workers.
- The first state to give self-employed persons coverage on an elective basis.
- The first state to provide benefits to clients recovering from alcohol dependency or drug-induced illnesses while in residence in authorized recovery facilities. (Maximum coverage is 90 days.)

The maximum weekly benefit is \$602 for disabilities beginning on or after January 1, 2003. In 2002, benefits paid totaled approximately \$2.96 billion.

Who is Covered by DI?

Approximately 12.8 million California workers are covered by the State DI program. The law requires coverage for employees working for employers with payrolls in excess of \$100 in a calendar quarter. There are a few exceptions. Those specifically excluded are:

- Some domestic workers.

- Most governmental employees.
- Employees of interstate railroads.
- Employees of some nonprofit agencies.
- Individuals claiming a religious exemption.

Some workers who are not required to participate but may elect DI coverage include:

- Individuals who are employers (sole proprietorships and partnerships).
- Self-employed persons. (See the *DI Elective Coverage Fact Sheet*, DE 8714CC.)
- Individuals in otherwise excluded family employment.
- Some governmental employees.
- Out-of-state entities of California employers.

State Plan

The California DI program has both a State Plan and Voluntary Plans. State Plan coverage is mandatory for insured employees unless an employer, with the consent of his/her employees, chooses Voluntary Plan coverage. Administered by the State Employment Development Department, the State Plan is financed entirely by California workers through a payroll tax on their earnings.

Effective January 1, 2001, the State Disability Insurance (SDI) withholding rate increased to 0.9 percent (.009).

The SDI taxable wage limit is \$56,916 per employee for calendar year 2003. Both the wage limit and the tax rate are set by law.

Taxes collected go into the Disability Fund and may be used only for payment of DI benefits and DI program administration.

Voluntary Plan

A Voluntary Plan is a private plan approved by the Director of the State Employment Development Department. It may be substituted for the State Plan if the Voluntary Plan matches the State Plan's benefits, provides at least one greater benefit, and costs the employee no more than the State Plan.

About 3.8 percent of California's workers covered by DI are covered through Voluntary Plans.

Employers and employee groups may establish Voluntary Plans with mutual consent of the employer and a majority of the employees. An employee may choose State Plan coverage even though a Voluntary Plan is available where he/she works.

Eligibility and Benefits

DI benefits are payable when a covered employee suffers a wage loss and cannot work due to pregnancy or illness/injury not related to his/her job. Additionally, when an insured employee is entitled to temporary or permanent Workers' Compensation or a maintenance allowance at a rate less than the daily DI benefit amount, he/she may be entitled to DI benefits.

For disabilities beginning on or before December 31, 2002, benefits range from \$50 to a maximum of \$490 per week, and are payable for a maximum of 52 weeks.

For disabilities beginning on or after January 1, 2003, benefits range from \$50 to a maximum of \$602 per week, and are payable for a maximum of 52 weeks.

To receive benefit payments, a person must:

- File a claim in accordance with regulations.
- Serve a 7-day nonpayable waiting period.
- Have been paid at least \$300 in wages, subject to DI taxes, during the 12-month base period of the claim.
- Submit to a reasonable medical examination, if required.
- File a certificate of disability signed by a duly authorized medical or religious practitioner.

Claims are filed by mail, and checks are usually mailed to clients every 2 weeks.

Disqualifications

The DI program is committed to program integrity and will take all possible measures to detect and deter fraud

and protect client benefits. No DI payments can be made to persons who willfully make false statements or withhold material facts to gain benefits.

A client is ineligible for disability benefits:

- When receiving Unemployment Insurance payments.
- When receiving full wages (benefit payments and wages added together are limited to the total weekly wage, excluding overtime pay, immediately prior to the disability).
- When in legal custody as a result of a conviction or when confined by a court order.
- If religious exemption from DI taxes has been filed.
- If the client is no longer in the labor market.
- When receiving Workers' Compensation at a weekly rate equal to or greater than the DI rate.

Appeals

All clients have the right of appeal to an impartial Administrative Law Judge (ALJ) concerning determinations of eligibility or benefit amounts. Further appeal from an ALJ's decision may be filed with the Unemployment Insurance Appeals Board, or the Board may set aside the ALJ's decision on its own motion. Decisions of the Board may be reviewed by the courts.

Social Security

If a person is permanently disabled, he or she should contact the Social Security Administration for information about benefits under its programs. The individual also should apply for State Disability Insurance, as receiving Social Security does not conflict with DI. For additional information, telephone the Social Security Administration at 1-800-772-1213.

State Employees

EDD administers a separate Nonindustrial Disability Insurance (NDI) program for State employees.

For More Information

For additional information on the DI program, please visit EDD's Internet site at www.edd.ca.gov, or call our DI program representatives at 1-800-480-3287. TTY access is available at 1-800-563-2441.